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EXECUTIVE SECRETARIAT WAS ROUTING SLIP

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Remorks To 5:
1. Please note this report should be controlled and considered a draft.
2. lease get back to DCI with answer to his questions and proposal for paper that could stand

the light of day.

Executive Secretarian

SECRET	Executive Registry
	86- 1221
	25 March 1986

MEMORANDUM FOR: Associate Deputy Director for Intelligence

FROM:

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Director of Central Intelligence

SUBJECT:

External Contracting in the DI

 I found the study on external cont 	tracting in the DI very interesting
I would not want to show it or pass it arou	and the Hill in its present form.
I feel it would create an inaccurate impres	ssion. I <u>, myself. was f</u> labbergaste
by the magnitude of the increase in expendi	itures fromin 1982 to
in 1985, going to	this year, and then to read that
records of contract results cannot be used	to evaluate the effectiveness of
the DI contracting program.	
the breaking programs	

- 2. Particularly on page 4, and perhaps earlier, there should be a distinction between ADP contracts and other contracts which are investments in efficiency and capability and those in which we hope to obtain substantive information and assessments. In a sense, the former can be viewed as capital investments and the latter as operating costs. That distinction is essential to whittle down that ______ figure which seems like an awful lot of money to obtain information and assessments on top of the huge organization that we basically maintain for that purpose.
- 3. Then, also early on, the OSWR contract should be sufficiently described to indicate its unique and irreplaceable character and value. On page 9, it seems particularly clear that we are better off paying an academic expert for a few hours time and letting him talk than to wait for him to write. We will get the information faster, will be able to draw more out of him on the spot, and save a lot of money. I'd pay for writing only when a guy has a track record or when specific data is called for.
- 4. On page 11, it seems to me that the customer who ordered the contract, and not Personnel, should be responsible for evaluation.
- 5. On the Appendix, what did the paper cost, how much of its value could have collected in one or two consultations of an hour or two each?
 - 6. What do ASG and COTR mean?
- 7. If this is to be circulated outside, we should consider some kind of a listing of the contracts so that people would know what it is we are spending \$100 million on. I'd like to see that before finally evaluating the study.

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William J. Casey

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Central Intelligence Agency Office of the Deputy Director for Intelligence

DDI- 01500/86

21 MAR 1986

NOTE FOR: Director of Central Intelligence

Deputy Director of Central Intelligence

Executive Director

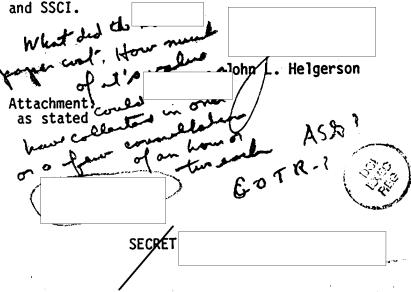
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FROM:

Associate Deputy Director for Intelligence

Attached is the final version of the Product Evaluation Staff's latest study -- on external contracting in the DI. This is an enormous subject, but we have tried to keep the study brief and readable. It makes what I think are sound recommendations on the need to tie external contracting closely to internal research and to ensure that we are getting our money's worth from contracts. I hope you will find the study of interest.

As in the past, after you have read the study, we will show it to the Staff Directors of the HPSCI



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EXTERNAL CONTRACTING IN THE DI

FEBRUARY 1986

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